

Summary Sheet

Testimony of Aleka Scott Transmission Manager, PNGC Power Before the Subcommittee on Water and Power of the U.S. House of Representatives Committee on Resources April 26, 2001

Mr. Chairman,

Thank you for this opportunity to testify today. My name is Aleka Scott and I serve as the Transmission Manager for PNGC Power.

PNGC Power is a Portland, Oregon electric services cooperative owned by 15 electric distribution cooperatives serving customers in 7 Western states. Our role is to aggregate the loads of those systems and manage their wholesale power needs. Our members are all in rural areas and, as such, depend on the transmission systems of the Bonneville Power Administration (BPA), Northwest investor-owned utilities and some select public power systems for the delivery of wholesale power. I have attached a service territory map indicating the areas served by our member/owner utilities.

In summary, PNGC Power is hopeful that the RTO West proposal (which includes the states of Washington, Oregon, Idaho, Montana, Nevada and Utah) is successful in its goal of producing a transmission system that facilitates a robust and fully functioning wholesale power market. However, unless significant changes are made prior to submission of the Stage II Plan to FERC (possibly by July 2001) there could be unintended consequences which could result in a public backlash similar to that seen in California these past few months.

Let me share the major reasons I believe this to be so.

First, the current plan to rely on a user-based market driven expansion is flawed. It must be modified to include strong authority for centralized planning and expansion of the system. In just the past three years we have seen over 40 congestion points develop through-out the seven state system when only a handful existed previously. The RTO must have the authority and resources to look forward, plan, and implement long-term transmission congestion solutions. The California experience has shown that as an industry, we are expected to be forward-looking and not subject the public to the pain of shortages. This is equally true of transmission and we must not create a system which depends on the public suffering multi-year high and volatile prices.

Second, the current RTO West proposal includes much of the high voltage transmission system in our area but excludes portions of the interconnecting systems between wholesale and retail loads. The result will be the worst of both worlds. Power marketers will go to the RTO for transmission rights over most the system; but will still have to negotiate individual access for small segments to get the loads to market. The net effect will be to create dozens of 'islands' where transmission market power and vertically pancaked rates still exist.

These are serious flaws. While the region's jurisdictional transmission-owning entities are virtually required by FERC to file an RTO plan, the major make or break factor for RTO West is whether the Bonneville Power Administration participates. We urge further Committee oversight with regard to this question because, as a federal agency and the owner of 80% of the region's high voltage transmission facilities, Bonneville has an enormous responsibility to ensure that customers ultimately benefit from its actions.

At this point I cannot say that BPA's participation will result in a more efficient market and better outcomes for consumers. Without addressing the problems mentioned above, we believe that Bonneville and its customers would be better off to avoid joining a flawed and potentially unstable RTO construct.

Again, thank you for the opportunity to testify today.